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ABSTRACT

After a brief explanation of the way his state finances education, the speaker focuses on specific methods his small, rural district uses to save money and ease budget problems. (IRT)

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"UNIQUE BUDGET PROBLEMS OF THE SMALL SCHOOL DISTRICT"

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UNIQUE BUDGET PROBLEMS OF THE SMALL SCHOOL DISTRICT

Webster defines unique as single, being without a like or equal, single in kind, unequaled or matchless. With this definition in mind, it becomes safe to say that the most unique problem that we have today is the shortage of funds necessary to accomplish all of the educational goals that we would like to provide for our children. However, most of the smaller school districts perform like scrooges or magicians and somehow manage to provide excellent educational systems year after year. Hopefully, this panel today can help you find the answers to some of your budget problems that will enable you to improve or enhance your own school district.

I can speak best for my own district which is one of the smallest school systems in Louisiana. I represent the Caldwell Parish (or county) School Board. We are a small rural parish located in the northeast section of Louisiana. Our population is about 10,000 people with a school census of approximately 2,700 children. Out of 66 school systems in the state, we rank 63rd in student membership.

Before going into our budget problems and how we solve them, I feel that a brief explanation of school finance in Louisiana is required. We operate under a "Minimum Foundation Program" which calls for each parish to receive funds under an equalization distribution system which theoretically is supposed to supply each parish with its pro rata share of State funds. Again theoretically, this plan is designed to provide each

parish with a minimum basic educational system. After determining the cost of each parish's minimum foundation program, certain items are charged against this amount as local support. These items consist of a 5-mil tax mandated by the constitution that does not require voter approval, plus 50 per cent of all revenues derived from the rent or lease of school lands. As you know, in Louisiana, all 16th sections are designated as public school lands. Over the years, much of this has been sold by the various school boards. The remaining lands are administered by the parish school systems to provide additional support. To supplement the State funds, each parish may pass additional taxes with voter approval, up to a maximum of 20 mils for operation and maintenance. For bond issues for new construction or rennovation, each school district is allowed to vote up to one-fourth of the total parish tax assessment.

As you noticed, I used the term "theoretically" when talking about the Minimum Foundation Program in Louisiana. The formula looks good on paper, but when each parish is considered individually, the inequities begin to appear. The basic difference in each parish program is one that is probably the same problem confronting all small school districts, and that is the variation in tax assessments. Small, rural areas with little or no heavy industry usually have much smaller tax bases and as a result the revenue generated from school taxes will vary quite a bit from one district to the next. The low tax assessment is probably my own school district's largest problem. Our assessment is $16,000,000 and this does not generate the funds that we need for operation and maintenance. An additional problem facing Louisiana school systems concerning tax revenues is the local sheriff's and tax assessor's

commissions. These vary from parish to parish. In my parish, these commissions total up to about 24% right off the top. In other words, we must pass an 8-mill tax in order to generate six mils of revenue. The only solution we have found to this tax revenue problem is to go to our voters and vote the maximum millage allowable. We have been able to do this by telling our story to the voters honestly, realistically, and often. So far, our patrons have responded favorably every time. I realize that this description of our financing was very brief, but it was necessary for you to know something about how we get our money.

Although all of us here today represent small school districts and recognize that our basic problems are similar, I feel that we do have one advantage over our larger neighbors for the very fact of our small size. Being small and usually rural, we are more stable in population and more predictable as to our basic educational requirements. In other words we know that we shall have approximately the same student population each year, we shall have basically the same transportation problems, our maintenance costs will not vary considerably, unless an emergency occurs and our faculties will not vary substantially. I know that there are exceptions to this but not too many. Therefore, we feel that this is a basic premise by which we begin our budget preparations each year. We rely strongly on our previous budget estimates and actual expenditures. Sad to say, one of the major handicaps of a small parish with a small assessment is generating enough revenue in the general fund to provide all of the extra-curricular and enrichment programs offered by the more urban areas. Since fixed costs make up the bulk of our budget, very little

is left for these enrichments. As an example, the present minimum foundation program does not provide sufficient funds for textbooks, library books, supplies for teaching, new equipment, in-service travel and workshops. These are just a few of the items that must be tailored to fit the funds left over after providing for the fixed costs. Therefore, it is evident that we must set priorities on these items that I have just mentioned and this is an area that causes many problems. For instance, which is most important, teaching supplies or in-service workshops? In fact, new priorities have to be established on a year-to-year basis, depending upon new State and Federal regulations, as well as local conditions. However, we realize that events like the fuel shortage and subsequent price jumps can play havoc with a small, tight budget, but we feel that the majority of our maintenance and operational costs will only vary by about the amount of our national inflation.

Preparing a budget is only half the game. We must live within this budget and how we manage is the $64 question. Let's start with maintenance and operation. In Louisiana, school lunch room revenues cannot go to the general fund, but, the lunch room receipts can be used to pay its own way. As a result, we charge each lunch room for the utilities that they use. If the lunch room is not on a separate meter we have the utility companies make a study and estimate what percent of the total school utility bill is generated by the lunch room. Also, since the breakfast and lunch programs require substantial bookkeeping time, we charge the food program a pro rata share of our bookkeeper's salary. I know this doesn't sound like much, but every dollar we can keep in the general fund comes in handy somewhere else. As far as

maintenance is concerned we try to schedule preventive maintenance during summer months, when we hire several teachers and coaches to do a lot of painting, refinishing gym floors, and similar jobs. We find that we can do these jobs for much less labor and material costs than we could if we hired outside contractors. Of course, we have a full-time maintenance crew who take care of our day-to-day problems.

Another area where we save a little money is on our shortest bus routes. We combine the short routes with janitorial positions and this enables us to save on our individual school maintenance. These janitor-bus driver positions are paid full bus driver salaries and are supplemented from our maintenance fund for janitors. This combination of job areas is much less expensive than filling both jobs separately. We manage to save about $18,000 per year using this dual job combination.

In Louisiana, each parish is allotted so many teachers per school based on a formula according to the student-teacher ratio. The salaries of these teachers are funded to each parish based on a state-wide minimum salary schedule. This schedule varies according to degrees and experience of each individual teacher. You can see that our instructional costs are really a wash-out figure on our annual budget. We only have to be very careful not to hire any more teachers than we are allotted under the formula. This is an area where having an almost stable student membership is a definite advantage. We receive enough of the funds for our teachers early enough in our fiscal year that we can invest in short-term interest bearing certificates of deposits which

enable us to pick up a few thousand dollars lagniappe each year. Lagniappe is a south Louisiana Cajun word meaning "a little something extra."

I realize these items that I have mentioned here are not in themselves any earthshaking solutions to your budget problems. The brief time allotted does not permit much detail analysis of any school budget, but, hopefully, they might give you some ideas that will be beneficial to you and your school system. I'm sure each one of your school districts has its own methods of staying within your legal budget, but what can you as individual board members do to help stay on the plus side of the ledger? From a board member's point of view, I feel that there are several things that we can and must do to keep our school systems financially solvent. I don't know how complex the school finance laws are in your state, but they are probably similar to Louisiana in that they are extremely complicated. New board members usually find them difficult to understand and the general public either doesn't try or could care less. Therefore, I feel that one of the most important things that we can do as board members is to make an effort to study the financial system under which we operate our school business affairs. We must familiarize ourselves with where our revenue comes from and we most definitely should know where and how we can legally spend the taxpayer's money. Only in this way can we really assist our superintendents and business managers in staying within the scope of our budget. When you get right down to the nitty-gritty, it's just like President Truman said, "The buck stops here."

So it is with us as board members. The ultimate responsibility on spending school funds rests right in our laps as elected officials.

What I'm leading up to is one of the most difficult things we have to do as school board members and that is saying NO! There will be times when it might be politically expedient to try to get funds for some pet project that our constituents want. These projects are usually some good, worthwhile endeavor that would be nice to have, but mayte we can't afford it and still stay within our budget. As a result, we must be willing to say no. If we, as responsible board members, say yes to every pressure group that appears before us, then we better allow our superintendents and business managers time off for nervous breakdowns.

Our superintendent and business manager are the key people in our school system when it comes to making and maintaining the annual budget. They are professionals and it is their job to see that we stay within the legal limits of our state's school finance laws.

In Louisiana, each school board has a finance committee, usually consisting of three members. This committee is responsible for working with the administrative staff in preparing the annual budget and making quarterly audits of the school system accounts. Our board refers any requests for funds to this committee and we usually go along with their recommendations. I'm sure your board probably has a finance committee, but if you do not, you should strongly consider electing or appointing one. This committee is a valuable tool in staying within your budget, but it must consist of members who are willing to devote the extra time and effort required to really familiarize themselves with school finance.

Finally, and maybe most important, I strongly feel that we as board members should make every effort to tell the public more about our school systems and the financial problems we face every day in providing the education that we all want for our children. Our board has found that the public is more understanding and receptive to our problems when we make a sincere effort to honestly and realistically explain our situation.

This has certainly been an honor and privilege for me to serve on this panel. I hope that we have provided you with some new insight that will assist you in solving your budget problems. We all know that there are no secret answers or magical solutions, but just plain hard work, and remember it sometimes pays to vote NO.